Joint Committee on Taxation
JCX-20-88
August 1, 1988

ADDITIONAL TECHNICAL CORRECTIONS TO S. 2238 ADOPTED BY FINANCE COMMITTEE*

A. Foreign

Liquidation of possession corporation.--The amendment would treat as foreign source, and subject to a separate foreign tax credit limitation, gain derived from the liquidation of a corporation organized in a U.S. possession and which derives more than 50 percent (based on the prior three taxable years) of its gross income from the active conduct of a trade or business in that possession.

B. Capital Cost Recovery

Passage of time problem for 1986 Act transitional exception.--The amendment would modify a 1986 transitional exception for the Frankford Arsenal to ameliorate problems caused by the delay in passage of the technical corrections bill.

C. Amortizable Bond Premium

Effective date.--The amendment would provide that the provision of the bill (sec. 106(j)(1)) relating to the treatment of bond premium as a reduction of interest income on the bond applies to bonds acquired after December 31, 1987, unless the taxpayer elects to have the amendment apply to bonds acquired after October 22, 1986.

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* At Finance Committee markup on July 26, 1988. These provisions are in addition to the additional technicals listed in JCX-18-88.

J862-31
S362-15